

August 20, 2012

### Key findings:

- Neighboring communities across Illinois have benefited from aggregating to take advantage of the competitive current electricity market through Alternative Retail Electric Suppliers.
- Governance of an aggregation program can be structured so that constituents can at any time opt out of the aggregation if they so choose and return to Ameren supply at no charge.
- Local governments can provide a valuable service to constituents by assisting them in taking advantage of this savings opportunity, thereby retaining dollars in the local economy.
- The CEC can provide initial assistance to local governments through aggregation education.
- The CEC recommends that Sangamon County and municipalities not served by electric co-ops or municipally-owned electric utilities pursue energy cost savings through electric aggregation.

**The Citizens' Efficiency Commission**

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## **Citizens' Efficiency Commission Recommendation:**

### **Cost Savings through Electric Aggregation**

#### **Introduction**

This report represents a formal recommendation by the Citizens' Efficiency Commission (CEC). All information has been compiled, researched, and validated by the CEC and its volunteers. The Commission expresses its hope that relevant local leaders will review the recommendation and take strides toward its implementation.

**In view of the research materials and opportunities presented through the CEC's research below, the CEC recommends that Sangamon County and municipalities not served by electric co-ops or municipally-owned electric utilities should review CEC educational materials and pursue energy cost savings through electric aggregation.**

The Commission stands ready to provide assistance to the greatest extent possible in the review and implementation process. The CEC may be interested in further review of efficiency considerations that develop based on this advisory report, or of other recommendations that may arise.

#### **Background**

At the CEC-hosted January 2012 meeting of regional mayors and village presidents, President Bob Winters of Illiopolis voiced an inquiry to the CEC regarding the proliferation of residential advertisements he had recently received from retail electric providers. He indicated that the information was confusing for constituents, and requested CEC assistance in determining if efficiency measures existed related to this issue.

At its May 2012 meeting, the CEC expressed support for continued research related to a finding about this issue presented by its Public Works Committee:

*Due to the existence of alternative retail electric suppliers in the electricity market, a municipality or another jurisdiction can hold a referendum to aggregate its citizens' purchasing power for electricity, which has resulted in savings for some communities recently. The Public Works committee requests the full support of the CEC to further research governmental electrical aggregation.*

A number of local officials and experts in neighboring jurisdictions assisted the CEC in its research. Educational resources and expertise for constructing the CEC recommendation came from sources such as the Illinois Commerce Commission (ICC), Ameren Illinois, energy consultants including Good Energy and the Illinois Community Choice Aggregation Network, Mr. Phillip "Doc" Mueller, Senior VP for Government Affairs of the Illinois

Municipal Electric Association, and Mr. Michael Maniscalco, former director of the Lincoln and Logan Development Partnership.

## **Recommendation Questions**

As it pursued its research, the CEC asked questions such as:

- What is electric aggregation?
- Does aggregation generate cost savings for local jurisdictions and their residents?
- What is the role of the CEC in examining aggregation?

The CEC determined that its role in relation to the question of aggregation would be primarily educational. Although cost savings from aggregation retain money in residents' pockets and therefore allow local savings by preventing leakage from the local economy, the recommendation of the CEC does not directly impact local government savings. However, the CEC hopes in its recommendation to generate awareness of the opportunity for savings, to promote efficiency by educating local leaders, and to assist in identifying and implementing steps toward aggregation, should local leaders desire to pursue it.

## **Overview of Electric Aggregation**

### *Basic Information*

Electric service to residential and commercial customers includes three components: supply, transmission, and distribution. Ameren Illinois, a municipal utility, or an electric co-op are responsible for transmission and distribution in Sangamon County, meaning that they receive the electricity from a supplier to the local utility, or, in the case of the municipal utility, generate their own electricity, and typically then transmit through their power lines to a home or business.

As a result of The Illinois Electric Service Customer Choice and Rate Relief Law of 1997, consumers served by Ameren Illinois have a choice among competing electric suppliers for the supply component of their electric service. A number of companies, known as Alternative Retail Electric Suppliers (ARES), can now lawfully generate and supply electricity. These ARES's are not subject to the same mandated Illinois Power Agency (IPA) and Illinois Commerce Commission (ICC) rate-setting protocols as Ameren Illinois. Because of current low market rates for electricity, a window of opportunity therefore exists in which ARES's can supply energy at low rates to consumers who contract with them for electric supply, generally for a 2-3 year time span.<sup>1</sup> Electricity is a commodity that fluctuates in price. Therefore, the future of the electricity market remains unknown. However, the rate differential between Ameren and ARES supplies will likely be reduced in June 2013 when the IPA and ICC re-determine Ameren's supply rates.

The Illinois Power Agency Act [20 ILCS 3855/1-92] allows for the aggregation of electric load by municipalities, townships, and counties, meaning that a local government entity can negotiate for the purchase of the combined electric supply of its residents and eligible small businesses.<sup>2</sup> When governmental bodies choose to form aggregations, they act as a broker for

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<sup>1</sup> Illinois Commerce Commission. (2012). Plug in Illinois Power of Choice. Retrieved from: <http://www.pluginillinois.org/default.aspx>.

<sup>2</sup> Illinois Commerce Commission. (2012). Municipal and County Electric Aggregation. Retrieved from: <http://www.pluginillinois.org/MunicipalAggregation.aspx>.

electric supply negotiations on behalf of residential and small business customers. In doing so, they replace the model that currently exists, in which the IPA serves as the default broker through its rate regulations for Ameren Illinois. While providing support to aggregating communities, Ameren Illinois neither favors nor opposes electric aggregation due to its Public Utility Act and Illinois Power Agency Act rate regulations, which generally preclude it from profiting from any electricity it supplies.

Short of formal electric aggregation programs, residents and community leaders already have choices related to ARES's. Residents can independently contract with an ARES that reaches out in a marketing effort to become the supplier for their residential load. About 4-5% of Illinois residential customers have already elected to contract in this way with an ARES. Communities can also assist residents in this process without formally aggregating, by developing an affinity program. In an affinity program situation, a governmental body selects a credible ARES to "endorse" as a viable option to its residents.

Should they wish to expand upon these opportunities for resident choice, municipalities, townships, and counties can choose to pursue one of two types of aggregation: opt-in or opt-out.

### Savings Due to Aggregation

For consumers who participate in either opt-in or opt-out aggregation, the transmission and distribution portion of the electric bill remain the same. Most municipalities require their ARES suppliers to ensure that aggregation participants continue to receive their electricity bills from Ameren Illinois. Ameren bills to aggregation communities remain largely unchanged, except for the "Electric Supply" item on the bill. This line item would detail the ARES from which the aggregation group purchased energy, and show the lower electric supply rate, as depicted in Figure 1, below.

Figure 1: Sample Ameren Bill Highlighting Electric Supply Line Changes

ACCOUNT NUMBER	1	01234-56789
NAME	JOHN DOE	2
SERVICE	123 N MAIN	3
AT	ANYTOWN, IL 61602	

4	BILL DATE	Nov 16, 2010
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TOTAL AMOUNT DUE BY	5	Dec 7, 2010	\$110.13
AMOUNT PAYABLE AFTER DUE DATE	6		\$111.77

Payment received on Oct 25, 2010 99-27

TYPE OF READING	METER NUMBER	SERVICE FROM TO	NO. DAYS	METER READING PREVIOUS	METER READING PRESENT	READING DIFFERENCE	METER MULTIPLIER	THERM FACTOR	USAGE	R D	
Total	7	1 8 36	10/15/11/15	10	1200.00	1550.0000	12.0000	13.0000	14	15 50.0000	16
Total Therms		987654	10/15-11/15	31	1000.0000	1048.0000	48.0000	1.0000	1.0000	48.0000	A
Service To 11/15/2010											
SUMMARY											
Total kWh				350.0000	Sales Therm		Service To 11/15/2010		48.0000		

#### 17 ELECTRIC SERVICE BILLING DETAIL - Rate Zone I

DS - Residential Service (DS-1)	Service From		10/15/2010 to 11/15/2010	
Annual kWh Up to 7,999				
Customer Charge				\$13.55
Meter Charge				\$4.72
Distribution Deliv Chg Non-Summer	350.00	kWh @	\$0.01528000	\$5.09
Electric Environmental Adj	350.00	kWh @	\$0.00205710	\$0.72
Rider EDR Charge	350.00	kWh @	\$0.00168571	\$0.59
Total Delivery Service Amount				\$24.67

Transmission & Delivery Charges- regulated, not subject to change

Electric Supply (BGS-1)	Service From		10/15/2010 to 11/15/2010	
Purch Elec Non-Summer(0-800 kWh)	350.00	kWh @	\$0.05893000	\$20.74
Purchased Electric Adj	350.00	kWh @	-\$0.00294286	-\$1.03
Rider PER Supply Cost Adj	350.00	kWh @	\$0.00208571	\$0.73
Transmission Service Charge	350.00	kWh @	\$0.00308571	\$1.08
Total Supply Amount				\$21.52

Electric Supply -  
**deregulated** portion of Ameren bill, subject to change through aggregation

Taxes	Service From		10/15/2010 to 11/15/2010	
Illinois State Electricity Excise Tax				\$1.16
Distribution Tax				\$0.45
Total Tax Related Charges				\$1.61

Total Electric Charges

\$47.80

Transmission & Delivery Charges- regulated, not subject to change

Electric Supply - deregulated portion of Ameren bill, subject to change through aggregation

Aggregation leads to no changes in billing or in services related to transmission and delivery. For instance, Ameren continues to handle all power outages in aggregated areas. Switching electric suppliers DOES NOT change the quality, reliability, and maintenance of the electric service, which the ICC regulates. Due to their varying nature, villages and cities should contact Ameren Illinois regarding potential impact on franchise agreements.

The electric supply rate that can be negotiated for an aggregation group depends upon the market price at the time of bid, as well as the electric load of the purchase group. This required and critical component of electric aggregation would suggest that it may be of benefit for the local government to enter into a contract with a consultant that is an expert who fully understands frequent changes in commodity pricing of electricity to ensure the best possible electric rate.

It is important to note that Ameren Illinois' electricity rates, determined by the Illinois Power Agency and the ICC, will be reset in June 2013. At that time, the "price to compare" for electric aggregation rates may change, potentially reducing the opportunity for savings that currently exists based on market trends (see Appendix B). The future Ameren electric supply rates are currently unknown. Local aggregation contracts should include language that requires the ARES to match the Ameren rate or facilitate customers' return to Ameren electric supply in the event that Ameren electric supply rates are set below those set in the ARES contract.

#### *Eligible Sangamon County Aggregation Areas*

To be eligible for electric aggregation, a municipality cannot have its own electric utility, such as CWLP. Electric co-op customers are also not qualified to take part in electric aggregation. Furthermore, individual customers that have already entered into supply contracts with an ARES are not automatically enrolled in aggregations, though they are free to cancel their existing contracts in order to join the aggregation. Lastly, Residents participating in Ameren's Residential Real Time Pricing program are also not automatically enrolled in aggregations.

In unincorporated Sangamon County alone there are approximately 7,390 households served by Ameren, which could be eligible for aggregation savings. These households, in addition to eligible small businesses (those that utilize 15,000 kWh per year or less) and households in eligible municipalities, make up a substantial pool of potential aggregation customers region-wide. The CEC estimates that for Sangamon County and its municipalities in total, if all eligible communities seek a referendum, the potential customer pool for aggregation includes approximately 16,000-17,000 households and small businesses currently in the Ameren service area.

#### *Opt-In Aggregation Programs*

Opt-in programs require voluntary, positive action on the part of individual residents who desire to join the program, generally through either a response to an educational letter, through calling an opt-in hotline, or through an opt-in web page set up by the aggregating entity or ARES. To initiate an opt-in aggregation program, governmental aggregators are not required to pass a referendum. Instead, opt-In aggregations are established through an Ordinance.

In an opt-in scenario, the governmental entity requests bids and proceeds to contract for electric supply from an ARES on behalf of any interested residents. The governmental aggregator and ARES have responsibility to provide educational materials and opt-in notices to residents and small businesses. These customers then transfer to an ARES through the

voluntary enrollment process described above. The switch in suppliers does not occur automatically, but requires voluntary opt-in action on the part of consumers.

Upon choosing to provide an opt-in aggregation program, the governmental aggregator is obligated to:<sup>3</sup>

- Develop a plan of governance for the aggregation program
- Hold two public hearings on this plan before its adoption
- Publish notice of these hearings for two consecutive weeks in a general circulation local newspaper prior to the first hearing
- Allow residents and small business customers to commit to terms and conditions established in selected aggregation bid within 60 days after receiving bids

### *Opt-Out Aggregation Programs*

Many Illinois communities have pursued an opt-out aggregation program in recent election cycles. To engage in opt-out aggregation, a community must pass a referendum, which the jurisdiction's governing body can initiate on the ballot. If the referendum passes, the community aggregates, requests bids, and jointly contracts for electric supply from an ARES. The governmental aggregator and ARES have the responsibility to provide educational materials and opt-out notices to residents and small businesses, who can choose to remain with their current electric supplier. ARES contracts generally span one to three years, and can have a single, locked-in rate for the term of the contract, or an annual rate depending upon the negotiated terms of the contract.

When the aggregated community contracts with an ARES, the ARES notifies the electric utility (Ameren Illinois) of the change. Residential and small commercial customers with Ameren Illinois have the right to opt-out of the agreement as described below, or to rescind an agreement with a supplier within 10 days of the utility processing the enrollment request. The utility will notify the customer in writing of the scheduled enrollment and the name of the new supplier. The supplier must also provide documentation to customers that substantiates any claims made by the supplier regarding the technologies and fuel types used to generate the electricity offered to customers.

### *Referendum Information*

By placing an electric aggregation referendum on a local ballot, a local jurisdiction provides opportunity for its citizens to have additional choice related to their energy suppliers. Ballot language as stipulated in the Illinois Power Agency Act for an electric aggregation referendum is:

*Shall the (municipality or county in which the question is being voted upon) have the authority to arrange for the supply of electricity for its residential and small commercial retail customers who have not opted out of such a program?*

Placing the question on the ballot does not obligate municipalities/counties to aggregate, but reserves for them the option to pursue aggregation and request

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<sup>3</sup> Illinois Commerce Commission, Office of Retail Market Development (March 2012). *Illinois Municipal and County Electric Aggregation: What Do I Need to Know?* "Opt Out" Municipal & County Aggregation Webinar.



bids on behalf of residents. Passage of a referendum also does not obligate residents to participate in aggregation.

Following a successful referendum, the jurisdiction must fulfill the following minimal requirements related to residents and public hearings in order to proceed with aggregation:<sup>4</sup>

- Develop a plan of governance for the aggregation program
- Hold two public hearings on this plan before its adoption
- Publish notice of these hearings for two consecutive weeks in a general circulation local newspaper prior to the first hearing
- Fully inform residents of the right to opt-out of aggregation, including full disclosure of all charges and other relevant information (pursuant to the Public Utilities Act, 220 ILCS 5/16-103)

#### *Customer Opt-Out Information*

For all opt-out aggregation programs, residents may choose to remain with the existing electric supplier within a specified time window following the referendum and bid process before experiencing any change to their electric supply bills. A sample resident educational letter and opt-out form is attached as Appendix A. To opt-out during this time period, residents must only return the opt-out form provided.

Depending upon the structure of the aggregation governance plan and consultant/supplier contracts, customers may be allowed the option of opting in or out of the aggregation at any time with no fee. However, the aggregator cannot guarantee that residents who opt-in to the contract at a later date will have the same rates as those who originally aggregated for the lower rates.<sup>5</sup>

It is important to note that, depending on ARES contract provisions, if customers initially choose to participate in aggregation, they may revert to the existing model of Ameren service delivery simply by contacting their ARES. Any contract established with an ARES should include a requirement that the ARES provides access to this contact information for customers.

#### **Historical Examples of Successful Aggregation in Neighboring Communities**

Efforts toward both opt-in and opt-out aggregation have increased dramatically in recent years. From 2007 to 2011, the number of Ameren households in Illinois participating in aggregation increased from approximately 13,000 to approximately 318,000.<sup>6</sup> Communities are choosing to aggregate for a variety of reasons. Aggregation provides a platform for short-term utility savings for residents and small businesses in Ameren service zones. It can also provide a platform for later municipal efforts toward energy efficiency.

During the spring 2012 election, 240 out of 300 municipalities who placed referenda on the ballot statewide were successful in receiving constituent authorization to begin the

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<sup>4</sup> Illinois Commerce Commission, Office of Retail Market Development (March 2012). *Illinois Municipal and County Electric Aggregation: What Do I Need to Know?* "Opt Out" Municipal & County Aggregation Webinar.

<sup>5</sup> Personal communication from Mark Pruitt, Illinois Community Choice Aggregation Network (August 3, 2012).

<sup>6</sup> Personal communication from Lee Morris, Senior Communications Executive, Ameren Illinois (August 6, 2012).

aggregation and bid process.<sup>7</sup> The primary cause of failed referenda in unsuccessful communities was resident suspicion or unawareness, potentially due to insufficient constituent education. Larger urban areas or areas in which a culture of political distrust exists appear to have increased difficulty in passing referenda.<sup>8</sup> The majority of the communities currently engaging in aggregation have contracted with an ARES for periods of two to three years.

It is important to note that the recent nature of statutory provisions for municipal aggregation precluded the CEC from having longitudinal history related to successful aggregation programs in Illinois. In neighboring states such as Ohio, aggregation programs have successfully existed for approximately 15 years. However, the recent nature of aggregation in Illinois prevents the CEC from providing long-term case history.

### *Vermilion County*

Vermilion County, Illinois engaged in an opt-in aggregation program beginning in summer 2012. Through a contract with Integrys Energy Service, it accepted a rate of \$0.04495 for interested residential customers and \$ 0.0545 for small commercial customers (those using under 15,000 kWh/year). Without utilizing the services of a consultant, Vermilion County established a program that, as of the end of July 2012, has a comparatively high opt-in rate of 7%.<sup>9</sup> In Vermilion County, opting in requires residents to make a phone call or visit a website to sign up for the program by answering a simple series of questions. Vermilion County has approximately 32,600 households.<sup>10</sup> Residents and small businesses county-wide, including in its municipalities, are currently eligible for the opt-in aggregation program.

Vermilion County will be placing the opt-out aggregation question on ballots in the November 2012 general election, in order to transition to an opt-out program. The County reported that it initially started an opt-in program to aggressively allow residents to accumulate savings over the summer, before the time when a referendum for an opt-out program could occur. In the event that an opt-out program is approved and/or a lower bid is selected for the opt-out aggregation, residents already enrolled in the opt-in program will be allowed to transition to the opt-out program or end involvement in aggregation if they so choose.

### *Logan County History*

Among the most successful recent opt-out aggregation efforts was that of Logan County, Illinois, Sangamon County's northern neighbor. Logan County communities passed electric aggregation referenda on the spring 2012 ballot. The resulting bid and contract is saving each household under the new plan approximately \$216 per year.<sup>11</sup>

Logan County accepted an aggregation bid from Integrys Energy Service of \$0.03965 per kilowatt hour, the lowest electric supply rate in the state to date. The Ameren default rate for Logan County's zone, in contrast, is \$.05752 per kilowatt hour. Citizens can opt out if they choose and continue with Ameren's rate for electricity. Logan County customers are

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<sup>7</sup> Landis, Tim. (2012, April 9). Communities move to carry out new power aggregation plans. *The State Journal-Register*.

<sup>8</sup> Personal communication from Mark Pruitt, Illinois Community Choice Aggregation Network (August 8, 2012).

<sup>9</sup> Personal communication from Terrie Sherer, Administrative Assistance to Vermilion County Board Chair Jim McMahon (August 9, 2012).

<sup>10</sup> U.S. Census 2010.

<sup>11</sup> Woodside, Nathan. (2012, June 14). Logan County customers to pay lowest electric supply rate in state. *The State Journal-Register*.

collectively estimated to save \$2.3 million in the first year. The former director of the Lincoln and Logan Development Partnership, Michael Maniscalco, indicated at the time of aggregation that the price includes 25 percent renewable energy with a marginal increase in the electric bid. This provision results in the community already contributing to Illinois's statutory requirement that 25 percent of the state's energy must be from renewable resources by the year 2025.<sup>12</sup>

## Alternatives

The CEC recognizes that its role in this electric aggregation recommendation is largely educational. Upon developing this overview of the current electricity market options, the CEC proceeded to consider the existing alternatives for electric choice. To the best of the Commission's knowledge, a comprehensive list of alternatives might include:

1. Maintain the status quo.
2. Educate residents about existing electric choice options, possibly by creating an affinity program for an ARES.
3. Create an opt-in aggregation program.
4. Create an opt-out aggregation program.

Alternative 1—maintain the status quo—leaves customers independently responsible for all electric choice. Consumers can choose an ARES, elect to engage in Residential Real Time Pricing (RRTP), or maintain their existing Ameren supply service. In spite of opportunities for savings, however, few residential or small commercial customers have chosen to contract with an ARES or engage in RRTP. Lack of available information, potential consumer confusion, and individual administrative burdens suggest that this option does not allow local governments to provide the best services available at low costs to their residents.

Alternative 2—educate residents about existing electric choice options, possibly by creating an affinity program for an ARES— provides opportunity for local jurisdictions to assist in constituent education without formally entering into a brokerage role in relation to an ARES. Educational efforts for constituents would be beneficial in alleviating the confusion discussed in Alternative 1. Increased efforts at constituent education may also contribute to increased utilization of existing savings opportunities. An affinity program is one type of effort toward education that local governments could utilize. By examining credentials of an ARES and "endorsing" it as a credible supplier, the local jurisdiction could assist residents in making choices about reliable electric supply.

Alternative 3—create an opt-in aggregation program—would allow many of the benefits of an opt-out aggregation program, but would not require the passage of a referendum. Since opt-in programs do not require referenda, they generally require less staff time on the part of the governmental aggregators in order to facilitate resident education. Furthermore, opt-in programs allow constituents voluntarily to sign up for the program, which alleviates some of the potential resident concern about the aggregation program. However, in opt-in scenarios, participation rates are generally much lower than opt-out programs. Lower participation rates indicate that fewer residents are benefitting from the program and fewer dollars are being retained in the local economy.

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<sup>12</sup> Landis, Tim. (2012, April 9). Communities move to carry out new power aggregation plans. *The State Journal-Register*.; Personal communication from Michael Mansicalco, former Director of the Lincoln and Logan Development Partnership (June 21, 2012).



Alternative 4—create an opt-out aggregation program—suggests that local entities proceed with aggregation as eligibility and successful referenda allow. Opt-out aggregation can result in savings for more consumers than opt-in aggregation, while reducing “soft costs” through collective administration of the program. Opt-out aggregation thereby maximizes aggregation’s potential to benefit constituents, the local economy, and local governments. Although there are likely additional administrative costs to local governments in terms of passing referenda and answering constituent questions, opt-out aggregation provides benefits to offset these costs that are not available in other forms of aggregation. Governmental aggregators have maximum negotiating power when the bulk of residents participate in an aggregation program, and can leverage this negotiating power to secure more favorable terms of contract from their ARES. Opt-out aggregation generally results in lower bids (given similar market timing) than opt-in aggregation, because each bidding ARES can better estimate the number of aggregation participants within a reasonable margin of participation. By minimizing soft costs, maximizing bargaining potential, and creating community cohesion, opt-out programs provide additional benefits beyond those of opt-in programs.

### *Drawbacks for Aggregation*

The CEC recognizes that there may be drawbacks associated with electric aggregation (both opt-in and opt-out), should local entities decide to pursue it. There will be a commitment of some staff time and associated administrative costs needed to facilitate constituent education and coordinate with local jurisdictions. Revenues can be generated from electric rates through the structure of the aggregation agreement to cover these administrative costs, if the jurisdictions involved so choose.

There also may be the potential for some negative feedback when the term of a contract expires if there is a cost increase associated with returning to the Ameren electric supply rates. While periodic rate increases are not welcomed by consumers, such adjustments have become accepted as a normal course of the electric supply business, and consumers have come to understand that rate adjustments may happen. In fact, Ameren’s rates are scheduled to be reset by June 2013.

The CEC believes that these drawbacks are minimal compared to the potential savings that may be realized by residents who choose to participate in aggregation. Educating consumers about electric aggregation so that participants understand that their rates will be established by the terms and length of the contract and that they have the ability to opt out of the program at any time will offset any potential negativity when rates are adjusted at the end of the contract.

## **Recommendation**

**In light of this research, the CEC recommends that Sangamon County and municipalities not served by electric co-ops or municipally-owned electric utilities should review CEC educational materials and pursue energy cost savings through electric aggregation.**

If fully implemented, the aggregation described in this recommendation provides benefits such as:

- Potentially lowers utility costs for Sangamon County residents
- Retains resident dollars in local economy through reduction in energy costs resulting in increased discretionary income for participants

- Reserves the opportunity for residents to have additional choice related to electric supply, while alleviating confusion caused by individual residential marketing efforts from multiple ARES's
- Increases potential for meeting energy efficiency thresholds, depending upon local contract terms
- Increases cooperation and communication among local communities related to aggregation, enhancing future cooperative efforts

## Steps Toward Implementation

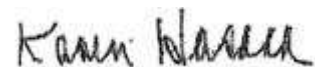
In order to implement its recommendation, the CEC recommends the following course of action:

- Clarify which areas in Sangamon County are eligible for aggregation, including unincorporated Sangamon County and municipalities not served by a co-op or municipal utility.
- Determine whether communities desire to engage in opt-in or opt-out aggregation programs.
- For opt-out programs, pass resolutions to place electric aggregation on the ballot for these areas in November 2012.
- Determine a lead local agency in the county that can facilitate aggregation efforts, possibly in conjunction with an aggregation consultant.
- Select a community consultant to assist in the aggregation process if deemed necessary. Consultant fee structures vary, but are generally paid by the aggregating governmental entity, which builds reimbursement into the electricity rate for consumers, so that only those benefitting from the aggregation program bear the burden for administrative costs.
- Educate constituents regarding aggregation. For an opt-out program, this should be done in advance of the referendum.
- Depending upon local policy goals and the success of the referendum, proceed to create either opt-out aggregation program, bid energy, and transition to a Retail Electric Supplier.

To assist in educational efforts for local leaders, the CEC has compiled Figure 2, below, indicating efforts that would be required to engage in electric aggregation efforts, the timeframe for these efforts, and actors that should be involved.

The Citizens' Efficiency Commission offers its support for these implementation efforts. If the CEC can provide any further assistance in facilitating efforts toward cooperation, it would be pleased to do so.

Respectfully submitted,

A handwritten signature in dark ink, appearing to read "Karen Hasara", is positioned above the typed name.

Hon. Karen Hasara, Chair  
on behalf of the  
Citizens' Efficiency Commission for Sangamon County

Figure 2: Electric Aggregation Timeline

Timeframe		Phase	Choices/Actions		Decision-maker
Summer/ Fall 2012	Initial Decision- making		Determine whether leaders desire to promote aggregation and whether aggregation is an option for municipality		governmental bodies; lead agency
			Determine desire for opt-out or opt-in program		governmental bodies;
			Opt-in	Opt-Out	
				Determine which governments will place question on ballot	governmental bodies; lead agency
				Determine structure for aggregation; draft governance plan for the aggregation	governmental bodies; lead agency; consultant, if applicable
	Pre- Referendum	Determine who will be the consultant managing the project for the municipality		governmental bodies; lead agency	
		Determine how constituents will effectively be educated regarding the choice presented in the referendum	consultant; lead agency; governmental bodies		
		Pass resolutions and place referendum on ballot	governmental bodies		
Fall 2012	Referendum		Determine whether residents desire opt-out aggregation		voters
			NO	YES	
Winter- Summer 2013	Aggregation Planning/Bid Process	Opt-In		Opt-Out	consultant; lead agency; governmental bodies
		Compile final data pertaining to opt-in customers	Provide opt-out letters and materials to residents; compile final data pertaining to customers remaining in aggregation		
		Adopt governance plan; Issue RFBs, receive bids, select energy company; Make electricity purchase based on market timing		consultant; lead agency	
	Additional Education, Bill Transition	Transition to ARES, switch line-item on electricity bill; Provide additional education regarding process		consultant; lead agency; residents; Ameren	
	On-going Monitoring, Savings Reporting	Measure and report on cost savings		consultant; lead agency; governmental bodies	
		Provide education materials on opt-out options to residents			

Appendix A: Sample Opt-Out Letters, as distributed to residents of Oak Park by Integrys and Tazewell County by Good Energy Consultants



November 3, 2011

Customer Name  
Mailing Address  
City State Zipcode

Regarding service at:  
Premise address

Dear Oak Park Resident,

The Village of Oak Park is poised to launch an electricity aggregation program that offers an energy supply rate that is about 25 percent below our current rate. Enrollment is free and you will not be charged a fee to switch to the Villages selected provider. In fact, you do not need to do anything to participate. In addition to a substantial savings on electricity costs, the Village's new program will ensure that the fees we pay for electricity generation go to fund renewable energy sources, primarily wind, and most of it from Illinois sources.

In April, Oak Park voters approved a referendum authorizing the Village to seek lower electricity rates for eligible residential and small business customers. After soliciting bids from retail electric suppliers, the Village selected the low bidder, Integrys Energy Services, Inc., to supply electricity to the Oak Park Community Choice Aggregation Program. You will be automatically enrolled in the program unless you opt-out by Nov. 17, 2011.

ComEd	Integrys	25% Savings <sup>2</sup>
<b>7.733<sup>1</sup></b> ¢/kWh	<b>5.790</b> ¢/kWh	

#### No Rate Increase for Two Years

While the supply rates that appear on your current ComEd bill will continue to change each June and October, Village aggregation rates are guaranteed through December 2013. Customers can expect to see savings on their electricity bills for the next two years beginning in January 2012. Please see the enclosed Terms and Conditions for full details.

#### Billing / Service Delivery Unchanged

Other than the price and supplier, nothing regarding your electricity service will change. You will continue to receive one monthly bill from ComEd. In addition, ComEd will continue to deliver your electricity, restore power when outages occur and maintain the system that delivers power to your home.

#### Enrollment Process

If you choose to remain in the Village electric aggregation program, no action is necessary. We will send you a letter confirming our enrollment and welcoming you to the Village's electric aggregation program. ComEd also will send you a letter confirming our selection of Integrys Energy Services, Inc. as your electric supplier. As required by law, this letter will inform you of your ability to rescind your enrollment without penalty. Please see the enclosed Terms and Conditions for more information.

*continued on back...*



## How to Opt-Out

If you do not wish to participate in the Village's Community Choice Aggregation Program, you must opt-out by November 17, 2011. To opt-out, return the enclosed postcard. You also may opt-out by contacting Integrus toll-free at 877-549-6888 or online at [www.integrusenergy.com/oakpark](http://www.integrusenergy.com/oakpark).

Sincerely,



David G. Pope  
President, Village of Oak Park

May 17, 2012

Tazewell County  
11 South 4th Street  
Pekin, IL 61554



Dear Tazewell County Resident,

On March 20, 2012, in the primary election a majority of citizens voted yes on a referendum question allowing corporate authorities to form a Municipal Opt-Out Electricity Aggregation. County Officials are happy to offer eligible residents and small businesses SAVINGS over Ameren Illinois ("Ameren") rates by banding together all eligible electric service classes.

The Tazewell County ran a competitive bid to select a licensed Alternative Electricity Supplier to provide savings to residents and small businesses with electric service in the County. After researching competitive electricity pricing options, we have chosen Homefield Energy, to provide you with savings on your electric generation through May 2014. There is no cost to join and you will not be charged a fee for partaking in this program. You are automatically enrolled and there is no need to do anything to participate.

As a participant of this Municipal Electricity Aggregation, you are expected to save approximately 38 percent off your Price-to-Compare. Your Price-to-Compare is the price you pay for electric generation from the utility.

Your account will be transitioned to the Municipal Electricity Aggregation Program approximately within 30-45 days, depending upon your meter read date. You are not obligated to participate in the County's aggregation program and you can remain with the utility without penalty or fees. If you wish to be removed from the program and remain a full-service customer of Ameren you have a deadline date of June 1, 2012 to return the attached "opt-out" card. If you leave the program after the deadline, you could be subject to a cancellation fee from the Alternative Electricity Supplier.

After you become a participant in this governmental aggregation program, Ameren will send you a letter confirming Homefield Energy as your Alternative Electricity Supplier.

As required by law, this letter will inform you of your option to rescind your enrollment with adequate notice prior to the scheduled switch.

**To remain in the Municipal Electricity Aggregation Program, you do NOT have to take any action when you receive this letter.**

Ameren will continue to maintain the system that delivers power to your home or business. You will continue to receive one bill from Ameren. After enrollment is complete your bill will show your new supply rate from Homefield Energy.

If you have any questions, please call the information line at 866.694.1262, Monday through Thursday, 8 a.m. to 7 p.m. and Friday 8 a.m. to 5 p.m. Please do not call the Tazewell County with aggregation program questions.

Sincerely, Tazewell County

**Opt out by returning this form before the deadline date of June 1, 2012.**

☐ I do NOT want to participate in this Municipal Electricity Aggregation Program.

Service Address \_\_\_\_\_ City \_\_\_\_\_ Zip Code \_\_\_\_\_

Phone Number \_\_\_\_\_ Account Number 3909045015

Account Holder Signature \_\_\_\_\_ Date \_\_\_\_\_

Mail Opt-Out Form to: Homefield Energy, 1500 Eastport Plaza Drive, Collinsville, IL 62234



Appendix B: Chart Detailing Market Conditions for Savings Opportunities through Alternative Electric Suppliers, as provided by the ICCAN

